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DECENTRALIZATION OF POWER

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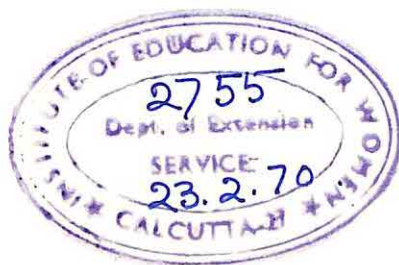
SOCIALIST CENTRE CALCUTTA

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By

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SOCIALIST CENTRE

CALCUTTA

1964

DECENTRALIZATION OF POWER

Power is an integral whole with a wide variety of manifestations. Even when the power of the State as such is discussed, as in the present case, it is possible to distinguish several aspects of the power of the State, like military power, the power of law, political power, economic power, the power over public opinion, etc. Needless to say, these various forms of State power are inter-related, and they can be analysed further into many more categories. However, it would be assumed for the purposes of this paper that the political and economic power of the State are more fundamental than, and as a matter of fact, the basis of other forms of State power. For a rational reorganization of society along socialist lines, therefore, what is primarily needed is to ensure the control of the masses of people over the political and economic power of the State. Even economic and political power are, of course, inextricably commingled, perhaps more than any other two forms of power. But conceptually it is possible and desirable to separate the political manifestation of the power of the State from its economic manifestation. In the following pages, therefore, an attempt has been made to explain the socialist approach to the decentralization or devolution of the political and the economic power of the State.

DECENTRALIZATION OF POLITICAL POWER

The problem of distribution of State powers is vitally related to the concept of sovereignty. Political philosophers like Bodin and Austin, who believed in the so-called Monistic Theory of Sovereignty, regarded sovereignty as unified, indivisible and unifocal. The sovereign power of the State, in their opinion, rests with the central State authority, and no other group, association, agency or individual has any share in sovereignty. In the days of absolute monarchy the

Monistic Theory of Sovereignty meant in effect the vesting of absolute State power in the hands of the monarch. But conceptually the Monistic Theory of Sovereignty is not dependent on monarchy as a political system. The basic idea is simply that of centralization of State power, which may be characteristic of many different political systems. Substantially, the Monistic Theory of Sovereignty means that the individual is to be totally subordinated to the central authority of the State, and neither the individual nor any groups or associations to which he may belong should have any measure of freedom or autonomy.

The Monistic Theory of Sovereignty inevitably led many radical political thinkers and reformers to regard the power of the State itself as detrimental to the freedom, creativity and self-expression of the individual. Many of them, therefore, launched a frontal assault on the idea of the State itself in the belief that with the disappearance of the power of the State, which they regarded simply as an instrument of exploitation in the hands of a few, wide horizons of freedom, self-expression and moral and spiritual evolution would be opened up before the individual.

Anarchism was thus an inevitable reaction to the centralized power of the State. The leading Anarchists like Winstanley, Godwin, Proudhon, Bakunin, Max Stirner, Kropotkin, Tolstoy and Gandhi were all out to destroy the power of the State. They all believed, in more or less degree, that the State as a highly organised political entity should disappear, yielding place to a multiplicity of voluntary people's associations, political, economic and social. Marx was also an anarchist in that he believed not only in the desirability but also in the inevitability of the eventual disappearance of the State ; but his main difference from other anarchists was that he wanted to strengthen the authority of the State in the short run through the dictatorship of the proletariat. Proudhon and Bakunin, who were insistent on the abolition of State power immediately after the expected social revolution, fell out with Marx mainly on this point.

It was the early Socialists of the eighteenth and the first half of the nineteenth centuries like Charles Fourier and Robert Owen who effected a compromise between the extreme views of the advocates of the Monistic Theory of Sovereignty and Anarchists. The early

Socialists believed that the politico-economic system should be reorganized on the basis of voluntary and autonomous associations of the people and that the State should merely perform the function of coordination. They were thus the forerunners of the modern Pluralists. The leading advocates of the modern theory of Plural Sovereignty like G. D. H. Cole, Laski and Bertrand Russell have all emphasized the divisibility and multi-focal character of State sovereignty. In various forms this idea of State sovereignty has been borrowed by Libertarian Socialism. Basically the idea is that the sovereign power of the State can, and should be, distributed amongst a whole hierarchy of units of political and economic self-government, territorial as well as functional, starting from the lowest level of social organisation up to the central authority of the State. The central authority of the State is neither to assume the absolute power of exercising sovereignty, nor is it to disappear completely. A large measure of sovereignty is to be shared by a multiplicity of functional and regional human groupings, the State retaining the power of a co-ordinating agency.

The rationale of such devolution of power is that the creativity of the individual, which is the prime mover of all human progress, can manifest itself only if the individual finds self-expression in his immediate environment and is able to exercise and develop his creative power through institutions to which he is affiliated by an immediacy of interest. If the centre of power is remote and individuals and groups find themselves deprived of freedom, autonomy and self-expression, the development and flowering of human beings will be thwarted, and human progress would be impossible or unbearably slow. Society would be composed of an amorphous mass of uncreative individuals who would bow like automaton before the centralized authority of the State. Freedom and creativity thus being stultified, the material, moral and spiritual evolution of man would be at a standstill. Politically, therefore, State power must be brought nearer to the individual through autonomous institutions of local self-government at various levels. Economically, not only should power be functionally decentralized in the form of the management and control of industry, agriculture and trade by the workers, peasants and consumers themselves directly through co-operatives and other forms of economic self-government, but also

through the devolution of economic ownership and control in the form of lower territorial units of self-government. Socially and culturally, too, individuals and groups have to be freed from the all-embracing power of the State and given a very high degree of freedom and autonomy. The Structure of society that would thus emerge would have a hierarchy of autonomous territorial units of self-government rising up to the central authority of the State itself, and a hierarchy of autonomous functional units of self-government or self-management, political, economic, social and cultural.

Rousseau was the first modern writer who understood fully that real democracy would be impossible of attainment unless the people were able to exercise their sovereign power directly. He, therefore, categorically asserted that true democracy was possible only in a Greek type of small City State, where the people would be able to meet together and directly determine the policies of the State after ascertaining their general will. The modern national State has become far too large to make such direct democracy possible. But the essential idea of direct participation of the people in government is now a part of liberal Western political philosophy and finds manifestation, to a limited extent, in the institution of local government which many of the Western countries like England and the U. S. A. have developed.

In India the ancient institution of Village Panchayat was undoubtedly an institution of self-government to which an individual was directly connected by immediacy of interest and through which he could solve many of the immediate problems of his life. As a matter of fact, it would not be an exaggeration to say that it is the institution of Village Panchayat that preserved the organic character and continuity of Indian society and culture in the face of the repeated onslaughts of foreign armies, civilizations and cultures. Empires and dynasties rose and fell. Tremendous political confusion and chaos took place at the higher and intermediate levels of political organisation, but neither the individual nor the social groups and communities of Indian society lost their individuality or cultural identity. The Village panchayat has thus played a vital role in the history of the social evolution of India and can undoubtedly be the stable foundation on which the super-structure of a system of devolution of power can be raised.

It should be understood, however, that while preserving the group interests and cultural identity of Indian society, the Village Panchayat did not always play the role of an agency of social progress. It helped to preserve religious and social superstitions and dogmas like casteism and fatalism. Generally speaking, it also acted as a damper on technological progress and economic development. While accepting, therefore, the basic idea of village self-government embodied in the ancient Indian institution of Village Panchayat, one must be careful not to transplant this institution bodily from India's past into the present and future Indian society.

In the modern period the idea of the devolution of power was popularized in India mainly by Mahatma Gandhi. Gandhi was the leading anarchist of the modern world, and he therefore did not develop a coherent and hierarchical system of self-government from the village Panchayat to the central government. On the one hand, Gandhi attacked the idea of centralised State power and would in fact be happy to see the disappearance of the State, and on the other, he was insistent on completely autonomous and self-sufficient village life. Like his forerunners, Godwin and Tolstoy, Gandhi was an advocate of a contented rural society, and was opposed to technological change and industrialization which he believed would lead to political tyranny, exploitation and conflict in one form or another. Gandhi thus visualized the human society of the future as a cluster of independent and self-sufficient villages living in perpetual harmony and goodwill, but in a state of technological stagnation.

This concept of devolution of power cannot be accepted as a whole for a variety of reasons. In the first place, it is doubtful whether eternal peace, contentment and harmony can be said to be the goal of human life. If the essence of human existence is creativity, then the primary objective of human life should logically be eternal striving and evolution, a realisation of the totality of human potentialities through every possible experience that human life offers. If there is, or should be, a moral evolution in human society, it cannot be the result of contentment, but can spring forth from the eternal fountain of divine discontent with human life as it is. This manifold striving and evolution is possible only on a multi-dimensional scale, encompassing man's material, moral and spiritual interests. Hence a society which is not striving and evolving in any of these spheres can hardly

be expected to ensure the moral development of man. Hence also the denunciation of all conflict as such would seem to be inconsistent with the idea of human evolution. Apart from the fact that destruction seems to be a cosmic law as much as creation, and is possibly in a sense the prelude to creation, the multi-dimensional striving and evolution, which is the essence of human progress, would inevitably entail a whole series of conflicts in the realm of the material, social, moral and spiritual interests of the individual. Thirdly, human creativity seems to be impossible without sufficient leisure, and such leisure, as the history of the world witnesses, can only be ensured through technological progress. Leisure is the basis of the efflorescence of art, literature, music, philosophy, and science, and these kingdoms of the human spirit would remain ever unconquered in the absence of technological progress. In the ancient and medieval ages, when society was technologically stagnant, there was undoubtedly some cultivation of art, science, music, philosophy etc., but the leisure which produced great works in these spheres of spiritual endeavour was the privilege of only a few. Only a technologically progressive society can make leisure available to the masses of people. A technologically stagnant idyllic village society can, therefore, hardly be expected to satisfy the basic requirements of the moral and spiritual flowering of man.

And if this multi-dimensional striving and evolution is to be accepted as not only the actual, but also a desirable law of life, involving both conflict and cooperation, resistances and persistences, the need for a coordinating agency above the multiplicity of competing and cooperating social groups would also be immediately recognised. And human society being what it is at the present stage, the central authority of the State would also have to assume the responsibility of defending the State from external aggression through armed forces, of maintaining a well-developed system of communications, of dealing with the external relations of the State, etc. For this purpose highly developed instruments of warfare, railway lines, aeroplanes and ships would have to be constructed. All these would require the development of heavy and large scale industries and rapid technological progress. Only in a completely anarchistic world without not only armed conflict, but any type of conflict whatsoever, would the Gandhian political philosophy as a

whole be workable. Political thinkers and movements have to deal with the immediate and transitional problems of society alone and for them, therefore, the acceptance of only the essence of Gandhian thought, in so far as it emphasizes the vital importance of autonomous village government, is possible.

Once the inalienable principle of village self-government on the one hand, and that of the necessity of State power on the other is recognised, the gap between the village and the central authority of the State has also to be filled up by intermediate institutions of self-government. Other Indian political thinkers like Sri Aurobindo, Rabindranath Tagore, M. N. Roy and Jayaprakash Narayan have shown greater realism and objectivity from this point of view. Of all these thinkers M. N. Roy was possibly the most articulate, so far as the construction of a system of devolution of power is concerned. Jayaprakash Narayan followed in his footsteps. Sri Aurobindo and Rabindranath were both opposed to centralized State power and insisted not only on village self-government but also on the autonomy of functional groups like cooperatives and various other spontaneous and voluntary human groupings. But at the same time both of them rejected the Gandhian ideal of a self-sufficient and contented rural society devoid of any technological progress. However, they did not construct a hierarchical system of institutions connecting the village government with the coordinating central authority of the State. M. N. Roy was the first Indian political thinker to develop a four-tier scheme of devolution of power for India from the Village Government at the bottom upwards through District and Provincial Governments to the Central Government. Jayaprakash Narayan has gone one step farther and developed a five-tier scheme of devolution of power, inserting the Block or Zonal Government in between the Village and the District Governments. But the chief distinction between M. N. Roy's scheme and that of Jayaprakash Narayan is that while Roy would have direct elections to all the tiers of government, Narayan would have indirect elections to the Provincial and Central Legislatures. Another point of difference between the two thinkers is that while M. N. Roy would accept rapid technological progress, Narayan would be in favour of a relatively stagnant economic system based on the small unit machine.

The essential common features of his Roy-Narayan scheme of devolution of power for India can be summed up as follows :

- (1) The lower units of self-government, from the Village Panchayat upwards, must be given the maximum political and economic powers which it is technically and administratively possible for them to handle, and the residuary powers would gradually be transferred upward to the higher units of self-government until the central government is left with only a few functions like defence, external affairs, transport and communications, and internal security.
- (2) The bureaucracy must be subordinated to elected people's representatives at all levels of self-government. Just as the departmental government servants at the Central and Provincial levels merely implement the policies formulated by elected people's representatives, so also the District Magistrate, the S. D. O. and the B. D. O., and the Gram Sevak will merely implement policies determined by elected people's representatives at the District, Block and Village levels respectively.
- (3) At each level the local authority should be given control over financial resources commensurate with its politico-economic functions.

These salient features of the Roy-Narayan scheme of decentralization of power for India constitute the essence of the programme of decentralization of power accepted by the Socialist movement in this country, subject to direct elections at all levels of self-government. But there is an important difference between the Roy-Narayan scheme and that which has been, or can rationally be accepted by the socialists in India. Both Roy and Narayan are advocates of a democracy without the party system, and they view their scheme of devolution of power as an integral part of their conception of democracy without parties. But the idea of a non-party democracy is unrealistic at the present stage of political development in a country like India. In the first place, in the absence of political parties, the interplay of such vile forces as casteism, communalism, linguism and narrow parochialism would determine the character of national politics. This would not only vitiate the political

atmosphere of the country, but also lead to the instability of governments and of the political system as a whole. The unity of the country would be jeopardised and the formulation of objective national policies would become impossible. Besides, it is difficult to see how the parties can be made to liquidate themselves unless a dictatorial form of government is introduced in the country which denies the citizens the freedom of organization. The party system undoubtedly has its defects, but the solution does not lie in the abolition of political parties; it lies rather in the purification of parties, and especially of the system of elections.

It may be admitted freely that at the lower levels of self-government, where the problems of government are of a local character and no national problems or policies are involved, the parties should refrain from organized political activity, so that problems of local development, about which there is very little scope for major differences of opinion, can be solved with the greatest possible cooperation. But to banish the political parties from the country as a whole would seem to be unnecessary and unjustified. Subject to this fundamental difference, the other essential features of the Roy-Narayan scheme of devolution of power, as already stated, have been accepted by the Indian socialists.

The Indian political thinkers mentioned earlier have mainly considered the question of the decentralization of political power in the rural areas and have neglected, by and large, the problem in the urban areas. But with increasing urbanization, the problem of devolution of power in the urban sector has assumed growing significance, and it is not enough to formulate a scheme of self-government for rural India only. Nevertheless, the basic principle of devolution of power from below remains unaltered in the urban areas also. In large cities the Ward Government, the Borough Government, and the City Government or Corporation would take the place of the Village, Block and District Governments respectively. In the smaller towns suitable modifications of this system may be introduced.

A socialist scheme of devolution of power, based on such general principles, would be somewhat as follows. At the basic of the whole system would be the Village Government with a full-fledged

Executive, Legislature and Judiciary. This government would be constitutionally endowed with as much power and resources as it can technically and administratively handle. Above the Village Government would be the Sub-divisional or Block Government, also with an Executive, Legislature and Judiciary, vested with as much power and resources as it is capable of using efficiently. The most important tier of government would be the next one, namely, the District Government, with three separate departments as in the other cases. Since the majority of the day-to-day problems of the people can be solved at the district level, and very few of the problems affecting the people in their day-to-day life require solution at a higher level, the maximum number of powers should be concentrated in the District Government. The Provincial or State Government should be vested only with powers affecting the whole State, and the Central or Union Government would be able to retain only a few powers of all-India importance like Defence, External Affairs, Transport and Communications, etc. Under this scheme the State Governments would inevitably be highly autonomous. In the urban areas the Ward, Borough and Municipality or Corporation Governments would correspond to the Village, Sub-division or Block, and District Governments respectively, the principle of devolution of power being the same in all the cases. A small town may be likened to a Sub-division or Block instead of a District and similar other modifications may be introduced, as necessary for administrative convenience.

The bureaucracy in this system would be wholly subordinated to the elected representatives of the people. The District Magistrate, the SDO and the BDO would cease to exercise their independent powers and would be converted into Secretaries to the District Government and Sub-divisional or Block Government respectively, or their urban counterparts. All policy matters and important decisions would be the responsibility of the legislatures of the different levels of government in their respective areas, and the bureaucracy would be charged with the task of efficient implementation of policies only.

Elections to all the levels of government will be direct and based on universal adult franchise. As the socialist principle of participation of the people in the government cannot be implemented

without a direct relationship being established between the electorate and the legislature, the systems of Referendum, Initiative and Recall would constitute important pillars of the socialist scheme of devolution of power. In a large country with a vast population like India it may not be possible to refer all matters directly to all the electors. Therefore, under the system of Referendum important bills etc. dealt with by the legislatures up to the level of the District Government may be referred to the legislatures of all the village Governments within that area, those dealt with by the State legislature to the legislatures of the Sub-division or Block Governments, and those dealt with by the Central Parliament to the legislatures of all District Governments. Similarly, a slightly indirect method may be prescribed for Initiative and Recall also. If one-third of all village legislatures within a Sub-division, Block or District, or one-third of the Sub-divisional or Block legislatures within a State, or one-third of the District legislatures in the whole country pass a resolution to the effect that a particular subject or subjects should be discussed by the Sub-division or District, State and Central legislatures respectively, such a resolution will be binding on the legislatures concerned. Needless to say, one-third of the electors in the village would have the right to compel the Village legislature to discuss any matter. As regards Recall, a motion of no-confidence passed by a majority of village legislatures within a constituency of any higher legislature up to the Central Parliament against the representative of that constituency will automatically lead to the removal of that representative from the legislature concerned.

It should be emphasized that the success of this scheme of decentralization of power would depend on the fulfilment of certain essential conditions. In the first place, devolution of power must be real devolution from below and not dispensation from above. If the Provincial Government, through a legislative Act, supplemented by Departmental Rules, delegates whatever powers it likes to the lower units of self-government, and if the bureaucracy has wide powers of control over these bodies, as would inevitably happen in such cases, we would have only a travesty of devolution of power. In order to have real decentralization of power, the present Indian Constitution will have to be radically amended. At present the Indian Constitution distributes the powers of the State between the

Central and the Provincial Governments, leaving aside the concurrent list of powers, but there is no mention whatsoever in the Constitution of any lower units of self-government or their powers. In order to ensure a true devolution of power from below, the Constitution must first enumerate the powers of the Village or Ward Government, keeping in view the principle that the maximum possible powers which these bodies can technically and administratively exercise must be given to them, and then gradually proceed to enumerate the powers of the higher units of self-government, reserving for each level the maximum possible powers, until finally the Central Government is left with the residuary powers only.

Secondly, radical land reforms and the elimination of vested landed and other property interests, money-lenders and middlemen would be an essential pre-condition for the establishment of true Loka Swaraj. For without a radical reform and levelling down of socio-economic relations, it would be impossible to ensure the spontaneous self-expression and initiative of every individual, which alone can make local self-government a success.

It need hardly be emphasized, moreover, that without the total abolition of the caste system and a radical overhauling of the Hindu social system, no amount of delegation of power can make local government a success. As a matter of fact, without a direct assault on the caste system it would be impossible for Indian society to progress rapidly in any direction—political, economic or social.

Besides, the whole scheme of devolution of power would be successful, and the other essential pre-conditions would be fulfilled, only when there is a high level of socio-economic awareness which can result only from mass education. A comprehensive and massive programme of social education will, therefore, have to be launched simultaneously with the scheme of devolution of power.

Last but not the least, if the party system operates with full vigour even at the lower levels of government, the stability of the whole system may be undermined. The object of political parties is to capture national power on the basis of alternative national policies and programmes. Political parties, as such, therefore can have little usefulness at the lower levels of government where the problems are of an essentially developmental and constructive nature,

which are unlikely to give rise to any major problems of national policy. Up to the district level, therefore, political parties should not be recognized for purposes of election and inside the legislatures. Since the parties must retain their organizations at all levels, there would be the danger of their surreptitiously engaging in party activity during elections and inside the legislatures even at the lower levels. It would, therefore, be necessary for socialists to carry on an incessant campaign of political education with a view, so to say, to depoliticise local self-government.

DECENTRALIZATION OF ECONOMIC POWER

Decentralization of economic power in this country and elsewhere is often mistakenly thought to be the same as an advocacy of the small unit machine. This confusion has resulted mainly from the fact that Mahatma Gandhi, who was in favour of decentralization of political and economic power, was at the same time the most powerful advocate of the technologically stagnant economy based on the small unit machine. In Gandhi's integral anarchist philosophy a small unit machine was an indispensable element. But as explained earlier, other Indian political thinkers like Sri Aurobindo, M. N. Roy and Rabindranath Tagore, who also wanted decentralization of political and economic power, were in favour of technological change and did not have any attachment for the small unit machine. They did not regard the small unit machine as an essential element in any scheme of devolution of political and economic power. It should be clearly understood, therefore, that the question of the size of the machine is not directly linked with the problem of decentralization of economic power. On the other hand, a little reflection will clearly reveal that a progressive socialist economy, however decentralized it might be, would have to accept the big machine and rapid technological progress, if it were to achieve any of the basic objectives of socialism.

The question of the size of the machine can be approached from utilitarian and moral points of view. Economically, there is a good reason why the big machine has pushed out the small one in the course of the industrial development of the world, namely, that the big machine turns out larger quantities of goods at cheaper cost, and enables workers to earn higher wages for less work. Even if the competitive advantages of the big machine were eliminated through legislation which made it compulsory for the economic system to have only small unit machines, we would have a simple and stagnant economy with a low standard of living, and we would probably also have an elaborate system of sweated labour as can be

found in the Bidi or Charkha industries where people work long hours for a pittance. Besides, while this new civilization based on the small unit machine is being built, how do we build railways, aeroplanes, ships and even cement and fertilizer factories, and let us not forget this—the small unit machines themselves, without the big machines? It would seem that from a purely utilitarian point of view, the small unit machine would be consistent only with a philosophy of pure Anarchism as preached by Godwin, Tolstoy or Gandhi. It can hardly be an integral part of a socialist programme in which rapid material prosperity and its equitable distribution are regarded as inalienable objectives.

From the moral point of view the greatest objection against the big machine is that it creates conflict, oppression, inequality and squalor in society. Few would disagree with this contention. But the solution of these problems would seem to lie in a reorganization of social institutions and relations rather than the banishment of the big machine. Moreover, the metaphysical and moral questions whether the objective of human life is contentment or striving, whether freedom and creativity for the generality of people is possible without adequate leisure which can be provided only by the big-machine society, and whether the conflict of ideas through which human progress is achieved can characterize a rural society, have already been discussed. On all these grounds the big unit machine would seem to have a clear case for itself.

There is indeed some justification for insisting on the small unit machine in a backward economy with a large population like that of India. But even here the justification is often mistakenly thought to rest on employment considerations. It has been found in many countries that while the big machine displaces some manual workers, it also creates more white collar jobs than before, at least in the urban sector. Had this not been so, the rapid development of mechanization and automation in the Western world in the modern period would have led to an unmanageable unemployment problem, which in fact is far from the case. That small-scale industry can provide more gainful employment than large-scale industry is still a debatable proposition. The justification for small-scale industry in a country like India lies more in the scarcity of capital than in other considerations. Because capital is scarce, what is known as

"intermediate technology" should be accepted for an interim period pending the production of the big machines gradually, commensurate with our total needs. It should be clearly understood that the acceptance of the big machine does not mean banishment of the small machine. Even in countries like the U.S.A. there is a large sector of small-scale industry which functions mainly as ancillary to the sector of heavy and large-scale industries. In every industrialized country industries using small unit machines tend to cluster round those with big unit machines, and they are thus mutually complementary. The basic question is, which of the two types of machines should be accepted as the principal instrument of economic development? There can be little doubt that Socialism will have to favour the big machine. Decentralization of economic power, as has already been emphasized, need not and should not be mixed up with an advocacy of the small unit machine.

It must be emphasized that Socialism is not opposed to the small unit machine. Nor does it have any emotional preference for the big unit machine. The concentration of wealth in the urban areas and the civilizational and cultural contradiction between the towns and the villages in underdeveloped countries like India are undoubtedly major defects of the lop-sided and inadequate development of the big-machine technology, and these defects must be remedied through balanced economic growth and diversification of technology consistent with the needs of productivity. It has already been explained that small machines which are complementary to big machines would be welcomed by socialists. Moreover, where the marginal efficiency of the small unit machine is the same as that of the big unit machine, socialists would undoubtedly accept the small unit machine in preference to the big unit machine. Technological innovations of the atomic age may as well substantially increase the productivity of the small unit machine and thus make it readily acceptable to socialists as the principal instrument of economic development in a socialist society. What the socialists should categorically reject is the assertion that even a relatively unproductive small unit machine is to be preferred to a big unit machine on account of the supposedly employment-generating or moral qualities of the former.

What then would be the nature and content of the devolution of economic power which includes the existence of the big unit machine? In a socialist society devolution of economic power can only have three principal meanings. In the first place, it would mean the devolution of the ownership of the means of production. In the second place, it would mean the functional devolution of the power of management. And finally, it would mean trade through a network of cooperative societies.

In a truly socialist economy private investment and the employment of man by man for profit would be reduced to the maximum possible extent, and ownership would necessarily have to rest with the State. State ownership, however, must not mean ownership by the Central or Provincial Government only, and bureaucratization. There must be territorial devolution of the ownership of the means of production from the lowest units of self-government to the central authority of the State. That is to say, ownership of the means of production would devolve upward from the Village Government through the Block or Sub-divisional Government, the District Government and the State Government, to the Central Government, which would be left with the ownership of only a few units in the economy which are of national importance.

Three points must, however, be clarified here. The Socialists in India do not advocate—and are possibly wholly justified in not doing so—the State ownership of land. Ownership of the means of production by the local governments would therefore mean ownership of means of production other than land. At present the Indian socialists are in favour of the private, but cooperative, ownership of land, subject to a lower limit for a minimum economic holding and an upper limit for a maximum permissible holding. Whether this is the only possible solution of the land problem in a socialist economy is however yet to be seen, and the matter cannot be dismissed lightly one way or the other.

Another question on which some clarification is necessary is that of the type of ownership advocated, irrespective of whether it is ownership by the local governments or by the Central Government. Some socialists hold the view that no private individual should be allowed to hold any shares in the socialized undertakings and that the

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State, through the governments at various levels, should be the sole owner of all socialized undertakings. There are others who would permit workers and members of the public to hold shares in socialized undertakings subject to a ceiling on such share-holding. This is one of the problems which the socialist movement in India and elsewhere has not yet been able to solve finally, and a good deal of experimentation would possibly be called for before any clear-cut solution can be reached.

Another important point of clarification is that small-scale industries below a certain limit may be allowed to organize on a cooperative basis, thus permitting an element of private ownership in them. But in such cases a ceiling on share-holding must be definitely established, so that there is no possibility of exploitation of man by man. Subject to these ambiguities, however, the basic idea is not only to end the capitalist system of production in which investment is made purely for private gain rather than for public good, but to decentralize ownership of the means of production through a hierarchy of institutions of self-government.

The second major aspect of devolution of economic power, as already stated, is the functional devolution of the power of management. It means that irrespective of whether the State owns the whole or the substantial part of the means of production, management of both industry and agriculture must invariably be removed from the hands of the Government and the bureaucracy and placed primarily in the hands of the workers, consumers, and peasants. In the industrial sector there would be a board of management responsible for the policy formulation of every undertaking and its day-to-day management in which representatives of the workers of the undertaking, of consumers elected or selected through an agreed and uniform process throughout the country (they can be elected, for instance, by the legislatures of the local government concerned from among their members or even from among prominent members of the public who are not their members), and representatives of the government, central or local as the case may be, the workers and consumers together having in any case an absolute majority. The managerial staff would, of course, have to be trained and skilled personnel, but they would be responsible to the board of management directly, which would appoint and dismiss them, if necessary. This

system which is commonly referred to as "auto-management" is prevalent in a somewhat modified form in Yugoslavia under a different political system. The Indian socialist movement, while rejecting the totalitarian political system of Yugoslavia, accepts the system of auto-management and wants to make it an integral part of a socialized economy which would, it need hardly be explained, be inseparable from a socialist democracy in the political sphere.

In the agricultural sector the system would be slightly different. Since, according to the present programme of the socialist movement in India, peasant proprietorship in land is to be permitted subject to a maximum of land-holding, and since agricultural organization is to be based on cooperative farming, private ownership of land would remain even after the socialist reorganization of society. Management of agricultural farms would primarily be in the hands of the Managing Committee or Board of Directors of the cooperative, with adequate scope for the representation of landless labourers, if any. The consumers of agricultural products, other than the agricultural producers themselves, live mostly in urban areas, but the protection of the interests of consumers may be ensured through the representation of prominent members of the public, elected by the legislature of the local government concerned. In the case of large cooperatives above a specified limit, representatives of the local government may also be allowed to participate in management.

It should be mentioned here that Israel, which is generally regarded as a socialist country, has nationalized 90 per cent of the land. The State leases land to farmers' cooperatives called the Kibutz. But there are many special circumstances in the case of Israel, and the Kibutz system has also serious limitations. Whether excessive state interference can be prevented, and the incentive of the cultivators can be promoted if land is nationalized, is a highly controversial question. Countries like the Soviet Union and China, where land has been nationalized, have not been able to solve their agricultural problem due to loss of incentive on the part of farmers, and some of the East European countries including Yugoslavia have been compelled to return to a form of modified peasant proprietorship.

In the field of trade the entire system of distribution in a socialist economy will have to be entrusted to marketing cooperatives on

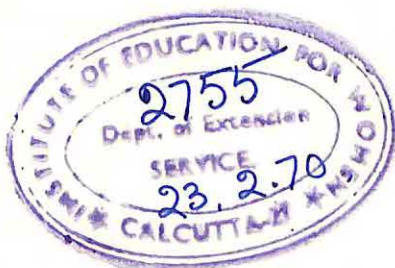
the one hand, and consumers' cooperatives on the other. So far as marketing of agricultural commodities is concerned, agricultural marketing societies would supply the produce directly to wholesale consumers' cooperative societies, which would then distribute it through a network of retail cooperative stores or private retail stores below a certain size. In the case of industries the entire output should be delivered not to monopolistic distributors of various description, but to wholesale consumers' cooperative societies. All middlemen would thus be eliminated, and fair prices in general would be ensured in the market. The cooperative movement in trade may operate through a hierarchical system, from the primary cooperative at the base to the apex cooperative at the provincial level on top. Products of heavy industries of national and strategic importance may be distributed by a corporate body like the State Trading Corporation under the general supervision of the State.

The picture of economic decentralization that thus emerges includes technological progress and the recognition of the need for heavy and large-scale industries. Ownership of all means of production except land and some small-scale industries will be wholly or primarily taken over by the State through the governments at various levels. Management of industry will be vested in the hands of a board consisting of the representatives of the workers, consumers and the government, which would be responsible for the policy formulation and day-to-day management of the undertakings, and to which the skilled managerial personnel would be responsible. Small-scale industries below a certain limit may be organised on a cooperative basis, retaining an element of private ownership. Private proprietorship of land would be permitted, subject to a ceiling on land-holding, and the production and marketing of agricultural commodities would be the responsibility of cooperative societies. The bulk of the trade would be operated by cooperative marketing and consumers' societies, a marginal trade in the products of heavy industries being the responsibility of corporate bodies under the supervision of the State.

It should be understood, however, that a socialist economy would require considerable planning and coordination. While in a truly socialist economy the function of planning would also be

decentralized and vested primarily, in the local governments at various levels, yet there would necessarily have to be a central planning agency which, under the general guidance of the central parliament, would have to coordinate and supervise the functioning of the economy as a whole. There may be disputes and differences between village and village, block and block, district and district (or their urban counterparts), and province and province, regarding projects and programmes of economic development. The disputes and difficulties at each level should be solved by the government of the next higher level, until the central government is left with the responsibility of solving the problems of economic development involving inter-provincial complications and those of total national importance. Since the central planning agency will thus be left with only a few residuary powers, left over by the lower levels of self-government, and since it would be democratic in composition and responsible to the central parliament, it need in no way lead to any curtailment of freedom and initiative.





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